

Message Text

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ACTION EB-07

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FM AMEMBASSY LISBON

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INFO AMEMBASSY MADRID

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LIMITED OFFICIAL USE LISBON 852

EO 11652: N/A

TAGS: ECON, EFIN, PO

SUBJ: GOP RESTRICTS USE OF CREDIT CARDS

REF: LISBON 3868 OF SEP 10, 1974

1. PRINCIPAL POINTS OF MINISTRY OF FINANCE ORDER RESTRICTING
USE OF CREDIT CARDS ARE FOLLOWING:

A) USE OF ALLCREDIT CARDS ABROAD BY PORTUGUESE RESIDENTS IS
SUSPENDED UNTIL FURTHER NOTICE.

B) PORTUGUESE RESIDENTS ARE PROHIBITED FROM USING FOREIGN
CREDIT CARDS IN PORTUGAL.

C) PORTUGUESE RESIDENTS MAY CONTINUE TO USE PORTUGUESE CREDIT
CARDS IN PORTUGAL BUT ONLY UP TO A TOTAL ANNUAL AMOUNT OF
\$1000 (DOLLARS ONE THOUSAND).

D) NON-RESIDENTS (TOURISTS) MAY CONTINUE USE FOREIGN CREDIT
CARDS.

2. IN ORDER ENFORCE ABOVE RESTRICTIONS, ORDER PROVIDES:

A) BANK OF PORTUGAL WILL NOT AUTHORIZE ANY TRANSFER OF FUNDS
RELATED TO CREDIT CARD USE;

B) CUSTOMS AUTHORITIES WILL NOT ALLOW PORTUGUESE RESIDENTS TO
LEAVE WITH CREDIT CARDS.

C) ALL NEW RESTRICTIONS WILL BE WIDELY PUBLICIZED BY
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COMMUNICATIONS SECRETARIAT.

3. ABOVE REGULATIONS BECOME EFFECTIVE ON FEBRUARY 20.

4. COMMENT: APPARENT REASONS FOR NEW REGULATION ARE CONSERVATION OF FOREIGN EXCHANGE (SEE REFTEL) AND STOPPAGE ILLEGAL FLIGHT OF FUNDS. HOWEVER MEASURE COULD HAVE SEVERAL ADVERSE EFFECTS. FOREIGN BUSINESSMEN WORKING IN PORTUGAL, MOST OF WHOM ARE RESIDENTS AND THUS COVERED, WILL NOT BE ALLOWED TAKE CREDIT CARDS ON TRIPS NOR USE NON-PORTUGUESE CARDS IN PORTUGAL. EMBASSY HAS ALREADY RECEIVED ONE COMPLAINT AND EXPECTS MORE U.S. BUSINESSMEN WILL SEE THIS AS ANOTHER OBSTACLE TO FOREIGN INVESTMENT. U.S. CREDIT CARD COMPANIES WILL LOSE SOME PORTUGUESE BUSINESS. PORTUGUESE FIRMS WILL SUFFER DUE TO LIMITATION ON USE OF CARD. TOURISM MAY ALSO SUFFER IF RETAIL ESTABLISHMENTS HAVE RESPONSIBILITY OF MAKING DISTINCTION BETWEEN RESIDENT AND TOURIST.

5. PARTS OF REGULATION STILL VAGUE. EMBASSY SEEKING CLARIFICATION. WILL REPORT FURTHER DETAILS ASAP.

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